

ARA SUBMISSION

SMALL BUSINESS RESPONSIBLE LENDING OBLIGATIONS EXEMPTION

AUGUST 2024

The Australian Retailers Association (ARA) welcomes the opportunity to provide comments on the exposure draft legislation to extend the small business responsible lending obligations (RLOs) exemption.

The ARA is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country. As Australia’s peak retail body, we represent the full spectrum of Australian retail - from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across all categories - from food to fashion, hairdressing to hardware, and everything in between.

The ARA supports the recommendation to extend the current exemption from RLOs for small businesses for an additional two years. Given the challenges facing many small businesses in the retail industry, this exemption will continue to provide much-needed support to small businesses. These challenges are identified in the recent [small retail research](#) completed by the ARA, where it was identified that just over half (51 per cent) of Australian small retail businesses are performing below or significantly below their financial expectations.

In principle, the ARA supports measures that reduce red tape and regulations for small businesses. Not extending this exemption will make it more difficult for small businesses to access finance and will increase red tape and regulation.

While the ARA is not advocating against responsible lending practices, the exemption has provided relief to businesses from the duplicative nature of credit decision-making processes, which often lead to unnecessarily lengthy processes that delay access to capital.

Extending the exemption will further ease administrative burdens, cut through bureaucratic obstacles and simplify the credit approval process.

Thank you again for the opportunity to provide comments on the exposure draft legislation to extend the small business RLOs exemption.

We look forward to a continued open consultation now and into the future. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.